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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
DELPHI CORPORATION, et al.,)	Case No. 05-44481 (RDD)
)	
Debtors.)	Jointly Administered
)	

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN
SUPPORT OF DEBTORS' MOTION FOR ORDER DIRECTING UNITED STATES
TRUSTEE TO (I) DISBAND OFFICIAL COMMITTEE OF EQUITY SECURITY
HOLDERS OR, ALTERNATIVELY, (II) SUSPEND ACTIVITIES OF OFFICIAL
COMMITTEE OF EQUITY SECURITY HOLDERS AND ITS PROFESSIONALS**

The Official Committee of Unsecured Creditors (the "Creditors' Committee")¹ appointed in the chapter 11 cases of Delphi Corporation, *et al.* (collectively, the "Debtors"), by and through its counsel, hereby files this Statement in support of the Debtors' motion (the "Motion") for an order directing the United States Trustee to (I) disband the Official Committee of Equity Security

¹ The current members of the Committee are: (a) Freescale Semiconductor, Inc.; (b) IUE-CWA; (c) Wilmington Trust Company, as Indenture Trustee and (d) Tyco Electronics Corporation. The Pension Benefit Guaranty Corporation and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America are *ex officio* members of the Committee.

Holders (the “Equity Committee”) or, alternatively, (II) suspend the activities of the Equity Committee. The Creditors’ Committee respectfully submits as follows:

1. As the Debtors state in the Motion, the facts and circumstances that led this Court to order the appointment of the Equity Committee in March 2006 no longer apply. As all parties in interest know all too well, the Debtors’ fortunes in the more than 36 months since that order was entered have taken a dramatic turn for the worse. As counsel for the Creditors’ Committee noted in its February 26, 2009 letter to the United States Trustee (which is annexed to the Motion as Exhibit C), not only are the Debtors “hopelessly insolvent,” but general unsecured creditors most likely will not receive a very significant recovery from the Debtors’ estates. As a result there is no conceivable scenario in which current equity holders would receive any recoveries under the absolute priority rule. Any continued existence of the Equity Committee could only result in the pursuit of wasteful and costly litigation to no appropriate end. Thus, the Equity Committee’s continued existence (with professionals) would only serve to increase administrative expenses, to the great detriment of general unsecured creditors.

2. In its March 5, 2009 letter to the United States Trustee (which is annexed to the Motion as Exhibit E), counsel for the Equity Committee suggested a potential compromise – the active participation of the members of the Equity Committee would continue, but the activities of the Equity Committee’s professionals would cease effective March 6, 2009. While the Equity Committee’s counsel’s proposed solution was somewhat unconventional, the Creditors’ Committee found it acceptable because it would reduce administrative expenses without the need to litigate the issue of the Equity Committee’s disbandment. However, by letter to the United States Trustee dated April 5, 2009 (which is annexed to the Motion as Exhibit I), the Equity Committee withdrew its proposal to continue participating in these cases without its lead

counsel. Thus, the fundamental problem remains – these case are saddled with an Equity Committee that no longer has an economic reason for being yet incurs substantial professional fees and will undoubtedly foster litigation.

3. For the reasons set forth in the Motion and in the letters that were delivered by counsel to the Creditors' Committee to the United States Trustee, the Creditors' Committee supports the Debtors' request for an order directing the United States Trustee to disband the Equity Committee. In the event that this Court decides not to grant that particular relief, the Creditors' Committee requests that this Court enter an order suspending the activities of the Equity Committee and each of its retained professionals, subject to the Equity Committee's ability to move for a future Court order re-activating the Equity Committee and its professionals, if circumstances ever warrant.

WHEREFORE, the Creditors' Committee respectfully requests that this Court grant the Motion and grant it all relief that it deems just and proper.

Dated: April 20, 2009
New York, New York

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